

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary    Public

**Date:** 5/20/2011

**GAIN Report Number:** IN1149

## India

**Post:** New Delhi

### Weekly Highlights and Hot Bites No. 20

**Report Categories:**

Agriculture in the News

**Approved By:**

Thom Wright

**Prepared By:**

Amit Aradhey, Ritambhara Singh, Shubhi Mishra, Radha  
Mani

**Report Highlights:**

\*Rabi wheat procurement tops 236 lakh tons\*, \*India market for high-end food items to double in 5 yrs: Symrise\*, \*Modern retail makes a big splash\*, \*NABARD plans urban market for organic produce\*, \*India's food inflation eases to 7.47% in the first week of May\*, \*Big changes coming in India's food safety rules\*, \*India's Supreme Court directed government to release 5 million tons of food grains\*, \*Oilseed MSP may be hiked to boost output\*, \*ISMA lowers sugar output estimate to 24.2 Mt\*.

**General Information:**

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

**RABI WHEAT PROCUREMENT TOPS 236 LAKH TONS**

According to the Food Ministry's data compiled on May 16, the Food Corporation of India (FCI) and state agencies have procured 236.19 lakh tons of wheat during the ongoing 2011-12 rabi marketing season. This figure is 8.6 percent more than 217.43 lakh tons procured during 2010-11. For the current season, Food Ministry officials project total procurement to top 260 lakh tons which is likely to cause major storage problems for the FCI. The total wheat stock in the Central Pool will be around 360 lakh tons on July 1, which is above the required minimum buffer and strategic reserve of 201 lakh tons for that date. (Source: [Hindu Business Line](#), 05/18/2011)

**INDIA MARKET FOR HIGH-END FOOD ITEMS TO DOUBLE IN 5 YRS: SYMRISE**

Declan MacFadden, the President of Symrise Asia Pacific Ltd, a German group manufacturing and marketing food flavors and fragrances said that given the ambitiously driven entrepreneurship of Indian businessmen in developing new food-based opportunities, the Indian consumer market for high-end food products is set to double to 200 million people in the coming five years. The middle-class Indian consumer market is expected to double over the five years from the current 100 million out of the 1.2 billion population. (Source: [Economic Times](#), 05/19/2011)

**MODERN RETAIL MAKES A BIG SPLASH**

According to an internal estimate by one of India's largest consumer products companies, Hindustan Unilever (HUL), modern retail has doubled its share to 10% of the Indian retail landscape in just three years. Its contribution has gone up from 5% in 2007 to 10% in 2010, FMCG companies are devising strategies for modern retail. Studies suggest that while a majority of consumers in metropolitan India are as global in orientation as those at the higher end of the consumption cycle, consumers residing in towns beyond metros are also increasingly opening up to spend for a better lifestyle. A PricewaterhouseCoopers survey estimates the size of the Indian retailing industry at \$350 billion. While the retail sector is yet to be liberalized, the government has taken a step in this direction by allowing a maximum of 51% equity participation by foreign companies in a joint venture with an Indian company. (Source: [Times of India](#), 05/20/2011)

**NABARD PLANS URBAN MARKET FOR ORGANIC PRODUCE**

The National Bank for Agricultural and Rural Development (NABARD), which offers assistance for

organic cultivation, is now planning to help create infrastructure for marketing organic products in urban centers. Recognizing the importance of organic farming in the country, the Union Government, through organizations such as Nabard as well as the regional centers of the National Centre of Organic Farming, has taken up various initiatives to promote and support organic production. (Source: [Business Line](#), 05/17/2011)

### **INDIA'S FOOD INFLATION EASES TO 7.47% IN THE FIRST WEEK OF MAY**

India's food inflation eased to an 18 month low at 7.47% for the week of May 7 from 7.70 % in the previous week. This follows a moderation in the prices of pulses, wheat, and vegetables. For a major part of 2010, food inflation has remained in double digits and signs of moderation were visible only from March this year. However, the Reserve Bank of India, in its annual monetary policy review, pointed out that core (non-food) inflation remains a matter of concern. Core inflation is the underlying reason the overall inflation is projected to remain at 9% during the first half of the fiscal year before easing to around 6%. (Source: [The Hindu](#), 05/20 2011)

### **BIG CHANGES COMING IN INDIA'S FOOD SAFETY RULES**

India is about to witness dramatic changes in food norms, impacting the industry significantly, if initiatives being taken by the Food Safety & Standards Authority (FSSAI) are a yardstick.

Formulation of food recall procedures in case of unsafe or hazardous products, mandatory compliance with GAP (good agricultural practices) for big retailers, labeling changes for packaged food items, organic food certification, setting water quality standards and verification of claims by food supplement companies are among the major reforms being planned by the FSSAI and the government. (Source: [Business Standard](#), 05/17/2011)

### **INDIA'S SUPREME COURT DIRECTED GOVERNMENT TO RELEASE 5 MILLION TONS OF FOOD GRAINS**

In order to prevent starvation deaths and malnutrition in the country, India's Supreme Court has directed the central government to release five million tons of food grains immediately for distribution to the poorer segments of 150 of the nation's most poverty stricken districts. A bench of justices said "A number of cases of malnutrition and starvation are reported from time to time. As of April 1, 2011 there are 44 million tons of food grain stocks. The bumper crop of this season will further improve the situation of existing stocks. Even after keeping adequate food grains for emergency or unforeseen circumstances, we will still have huge stocks in our warehouses. In this background, five million tons of food grains which the Union of India has already undertaken to additionally allocate must go to the most vulnerable sections of our society. It is absolutely imperative in the larger public interest to direct the Union of India to reserve another five million tons of food grains for distribution to the 150 poorest districts or the extremely poor and vulnerable sections of our society. This additional 5 million tons of food grains would be over and above 5 million tons which the Union of India has already undertaken to allocate." (Source: [The Hindu](#), 05/15/2011)

### **OILSEED MSP MAY BE HIKED TO BOOST OUTPUT**

The government of India may help farmers make more money by ensuring a higher profit on monsoon-sown oilseeds compared with food grains, and helping farmers boost output of soybeans

and peanuts and potentially reducing imports of palm oil, said the chairman of the Commission for Agricultural Costs and Prices (CACP). The cost of producing crops including rice, lentils, corn, and oilseeds have increased about 20 percent in the past year, boosted by higher wages of farm workers and rising energy and fertilizer prices, the CACP Chairman said. (Source: [Financial Express](#), 05/20/2011)

### **ISMA LOWERS SUGAR OUTPUT ESTIMATE TO 24.2 MT**

According to the Indian Sugar Mills Association (ISMA), India's sugar production in the 2010-11 crop marketing season (October-September) has been estimated to be 24.2 million tons (mt), down from the earlier estimates of 25 mt, because of lower-than-expected output in Uttar Pradesh (estimated down at 5.9 mt against previous 6.4 mt) and Maharashtra (estimated at 9.25 mt vis-à-vis earlier estimate of 9.4 mt). ISMA's latest production numbers are very close to the government's official sugar production estimate of 24.2 mt to 24.5 mt. Permission for export of more than 120,000 tons of sugar has already been issued by the government following the announcement for exports of around 500,000 tons of sugar under the open general license (OGL) in December 2010,. (Source: [Business Standard](#), 05/14/2011)

### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

REPORT #	SUBJECT	DATE SUBMITTED
IN1146	Weekly Hot Bites, #19	05/13/2011
IN1147	Coffee - ANNUAL	05/13/2011

### **WE ARE ON THE NET**

Visit our headquarters' home page at [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

### **FAS/NEWDELHI EMAIL**

To reach FAS/New Delhi, email us at [Agnewdelhi@fas.usda.gov](mailto:Agnewdelhi@fas.usda.gov)